

Inside

SBA Export Working Capital Line of Credit

Boston SCORE Targets Existing Businesses

Page 2

SBA 504 Program Funding Increased in 2005

Page 3

Meet SBDC Counselor John Rainey

CWE Training

Page 4

Top 7(a) Lenders First Quarter 2005

Page 5

Demand for SBA-Backed Loans Sets a Record Pace In First Quarter of Fiscal Year 2005

Small businesses set a record pace of borrowing over the first three months of the current fiscal year, securing SBA backing on 23% more loans than during the same period a year ago.

During the first quarter of fiscal year 2005, which began on Oct. 1, 2004, the SBA, through its private sector lending partners, approved 23,197 loans for \$3.56 billion under its flagship 7(a) guaranteed loan program, compared to 18,822 loans worth \$3.12 billion in the same period a year earlier, and 13,759 loans worth \$2.24 billion two years ago.

The gains are also reflected in the SBA's Certified Development Company, or 504, loan program. Through the first three months of the fiscal year, the 504 program had issued 1,780 loans worth \$882.9 million, about 13% ahead of the same period a year ago, when the program had 1,576 loans for \$743.25 million.

The Massachusetts SBA office was well ahead of last year's pace at the end of the quarter with 708 SBA 7(a) loans worth just under \$70 million and 35 section 504 loans totaling \$17 million.

More than \$21 billion is available in 2005 to small businesses through the SBA's two main loan programs. This budget gives SBA the capacity to support \$16 billion in small business lending under the 7(a) program and \$5 billion under the 504 program.

Additionally, the government loan guarantee increased from \$1 million to \$1.5 million and the program will now operate without a congressional appropriation, or at zero subsidy, meaning the program will be self-supporting through fees paid by lenders and borrowers.

An additional enhancement to the 7(a) program was Congress' action to make the popular SBAExpress program permanent, and raising the maximum loan size to \$350,000 with a 50% government guarantee.

SBA Deputy Administrator Melanie R. Sabelhaus to Deliver Keynote Remarks at Cape Cod BizWiz Conference

SBA Deputy Administrator Melanie Sabelhaus will deliver the keynote address at the 2nd annual BizWiz Conference & Marketplace at the Four Points by Sheraton Hyannis Resort in Hyannis on Wednesday, 1/26/05. Sabelhaus brings more than 25 years of successful business and corporate experience to her role at the SBA. She started a property rental and management company in Baltimore and Washington, D.C. in 1986, which went public, and next enjoyed a 15-year management career with IBM. Sabelhaus was sworn in as SBA's Deputy Administrator in 2002 and has traveled the country to advocate on behalf of small businesses.



BizWiz, produced by the Cape Cod Chamber of Commerce, Cape & Islands Community Development, Inc., *Cape Cod Times*, WQRC and Cape Cod Economic Development Council, is the largest business training conference on Cape Cod, attracting more than 400 Cape Cod decision makers and 52 business exhibitors. Go to www.eCapeChamber.com for more information.

Calendar of Events

Upcoming Workshops at the Massachusetts SBA Office in Boston at 10 Causeway Street, Room 265

Demystifying the Buying Cycle: the Path to Increased Sales

2/8 - 10:00 a.m. to 12 noon:
Learn how to increase new and repeat business. Presented by Carlton SooHoo, Ph.D., founder, Center for Entrepreneurial Growth. Contact: Anna Outerbridge at SBA at 617-565-8510 to register.

Creating a High Performance Organization

2/15 - 10:00 - 11:30 a.m..
Learn how to energize your business and how to build motivation and quality. Presented by Hervbert Z. Won & Associates. Contact Anna Outerbridge at 617-565-8510.

Go to: www.sba.gov/ma/ click on "Training Calendar" for a complete listing of training opportunities and instructions about how to attend via SBA's teleconferencing system.

Cambridge-based Company Finances Overseas Transactions with SBA Export Working Capital Loan

The number of small businesses that export has tripled in the past five years with the value of small business exports increasing by 300%. Despite this surge in export activity, many small businesses continue to have difficulty obtaining export financing. SBA offers three different loan products for small business exporters and lenders: the Export Working Capital Loan (EWCP), SBA Export *Express* and the International Trade Loan. This month's issue of *It's Your Business* will focus on EWCP loans.

Cambridge-based Optikos Corporation, a manufacturer of optical testing and measurement equipment, first funded its export activities with a \$750,000 SBA EWCP loan in 2000 and has renewed the line of credit annually since that time. Optikos has built a solid domestic and international customer base ranging from consumer product companies, to university labs and both domestic and foreign government agencies. The loan financed foreign accounts receivable and working capital for the purchase of labor, raw material and related manufacturing costs of product for export.

If a small business is unable to secure the credit needed to export, if they have reached the borrowing limit set by their bank, or if they don't have the type or amount of collateral required, SBA's EWCP loan is an excellent option. This product enables SBA to guarantee 90% of a loan up to \$2 million to fund finished goods or inventory for export, or to finance pre-export costs of labor and materials used in the manufacture of goods for export. Proceeds can also be used to fund the costs of U.S. labor and overhead for service company exports, standby letters of credit used for bid or performance bonds and to finance foreign accounts receivable. Fees are low, terms are flexible and the streamlined application process promises a quick turnaround. The program can be used to support single transactions or multiple sales on a revolving basis. Visit www.sba.gov/oit/ for information on SBA's export programs. The site includes a comprehensive export guide.

Boston SCORE Targets Existing Businesses

Is your business stagnant or slowly sinking into the abyss of financial loss and an uncertain future? Are you so busy trying to make ends meet that you don't have the time or money to get the advice you need to help your business survive? Free help can be delivered to your doorstep. In addition to pre-business and start-up counseling, Boston SCORE is targeting existing businesses that need a little or a lot of fine tuning in 2005. Counselors can help you fix problems, become more profitable or grow your business.

Boston SCORE volunteers counsel at locations in Boston, Framingham, Norwood, Waltham, Watertown/Belmont AND are also available to make "house calls" to your place of business.

The chapter has a complement of more than 60 retired and active executives who have been involved in a wide range of business activities. They have been where you are now. They have worked for themselves and others and now volunteer to help business owners succeed. You'll get straight-from-the-hip wisdom that puts you on the right path toward the future you're working for. You will benefit from their personal experiences, and can keep coming back for more counseling as long as you need the help.

Contact SCORE at 617-565-5591 or visit their website at www.scoreboston.org.

SCORE[®]
Counselors to America's Small Business

Community Workshops

"Overview of SBA Programs & Services"

2/7: Esthetics Institute of New England, Tewksbury – 1:30 – 3:00 p.m. Contact Lisa Welch at 617-565-5588 to register.

2/11: Lowell Career Center 10:00 – 11:30 a.m. Contact Lisa Welch at 617-565-5588 to register.

2/24: Greater Lowell Chamber of Commerce – 10:00 – 11:30 a.m. Contact Lisa Welch at 617-565-5588 to register.

Lender Training

SBAExpress
2/18/05: Salem State College Enterprise Center – 1:00 – 3:30 p.m. Call Joan Barnes at 617-565-5605 to register or email Bob Nelson at RHNNelson@sba.gov for more information.

Registration required

Link for lenders

www.sba.gov/banking - a one-stop site which includes information on SBA loan programs, policy notices, standard operating procedures and more.

SBA's 504 Program Funding & Loan Amounts Increased in 2005

If you've found that perfect building, but your banker says you need 30% down and you can't afford 30% in addition to paying for renovations and soft costs and still have enough working capital left over for the expansion, a 504 loan may be your solution. In most cases, a small business is only required to put 10% down on the project. All project costs are included: land, building, renovations and soft costs.

The loans are long term and provide a low fixed interest rate.

The SBA 504 loan program can even finance machinery. Under this program, SBA provides a 100 % guaranty of a debenture that is sold as part of a pool of debentures to investors. Once the debenture is sold, a certified development company (CDC) then loans those funds to the borrower as a 504 loan.



Residents and staff at The Elizabeth Calsey House. Owner, Deborah Dastoli, second from left

One satisfied 504 borrower is Deborah Dastoli, owner of the Elizabeth Calsey House in Amesbury a privately-owned assisted living facility in Amesbury. Dastoli credits the SBA 504 program with enabling her to build an 8,200 square foot, 18-room cape-style building. A second 504 loan funded the construction of an additional eight rooms. Revenues have trended upward and the facility has been booked to capacity and has a lengthy waiting list.

In 2005, the 504 program will have \$5 billion in lending authority and the maximum loan amount (SBA share of the project) has been increased to \$4 million for manufacturers, and \$1.5 million for other types of industries.

The 504 Loan Program continues to be a zero subsidy program financed through fee income from borrowers, lenders and CDCs. Therefore, no appropriation is needed to subsidize the loans. The on-going guaranty fee SBA charges is set each year depending on the subsidy model's estimate of the default rate and recovery rate for loans approved in that year. The on-going guaranty fee for loans approved in FY05 is 0.288%.

Massachusetts 504 Projects from 10/1/04 – 12/31/04

Certified Development Corporation	Gross Amount	# Loans
BAY COLONY DEVELOPMENT CORPORATION	\$4,301,000.00	11
NEW ENGLAND CERTIFIED DEVELOPMENT CORPORATION	\$6,570,000.00	9
SOUTH EASTERN ECONOMIC DEVELOPMENT CORPORATION	\$3,030,000.00	7
WORCESTER BUSINESS DEVELOPMENT CORPORATION	\$1,873,000.00	4
GRANITE STATE ECONOMIC DEVELOPMENT CORPORATION	\$283,000.00	2
SOUTH SHORE ECONOMIC DEVELOPMENT CORPORATION	\$1,025,000.00	2
TOTAL:	\$17,082,000.00	35

**Massachusetts
Resource Guide
available online at
www.sbaguides.com**
*Chose Massachusetts in the
"Choose a District" drop down
menu to obtain the guide.*

**Visit SBA's Learning
Center at
www.hsadecisions.org
to Get the Facts on
Health Savings
Accounts For Small
Businesses**

Meet Clark University Small Business Development Center Counselor John Rainey

Since joining Clark University's Small Business Development Center in Worcester in 1995, John Rainey has counseled over 2,500 small businesses and prospective businesses in Central Massachusetts and has consistently been rated highly by his clients. In 2004, 96% of his clients rated his performance in the good to excellent range, making him one of the highest rated counselors in the network. John has twice been the recipient of the SBDC's highest honor, the "Star Performer" award and has been recognized for his many contributions at America's Small Business Development Center Network national conferences.

John has earned enormous respect for his financial expertise and is a continuous source for high quality referrals from colleagues, area bankers and strategic partners such as SBA, the Massachusetts Office of Business Development and Massachusetts Technology Development Corp. Last year, John's clients accounted for over \$13 million in successful loan completions for the MSBDC program, an accomplishment that has been instrumental in helping the Clark University SBDC consistently achieve "lead" status for this important economic development measurement

He has also made a significant contribution to Clark University, the SBDC host institution for Central Massachusetts. He teaches several graduate level courses, including the capstone "Consulting Projects" course. During 2004, twenty graduate students worked on student project teams and contributed over 2000 hours of consulting assistance to MSBDC clients.

John has over 25 years of corporate executive and financial management experience. Prior to joining the SBDC staff at Clark, John served in senior level positions at Associated Testing Labs (CFO), Fenwal Electronics (VP-CFO), Barry Wright Corp (Director - Auditing) and Wright Line (Controller). John holds a BS in accounting and an MBA in finance from Babson College, is a Certified Management Accountant (CMA) and has taught graduate level courses at Clark University, Northeastern, Merrimack College and Bentley.



For this Mother Daughter Pair, Finances are All in the Family by Kate Hoagland, Center for Women & Enterprise

Equipped with her finance book, expense notebook, calculator, and credit reports, Joan Tatum, a sixty-nine year old Cambridge resident, was ready for the evening's *Making Your Money Work* class. Tonight's topic was credit standing and repair and like the majority of the class participants, Joan was reading her credit reports for the first time. Sitting next to her was Charlene Williams, her 30-year old daughter, a former finance worker now unemployed and contemplating bankruptcy.

"I felt my mom needed a class like this," explains Charlene. "I thought it was important for someone other than family to tell her about the importance of budgeting."

Over the course of the 4-week *Making Your Money Work* course, the mother-daughter pair have explored means for more responsible money management ranging from their personal spending habits – Joan is a splurger, Charlene is a saver – to learning how to create an accurate budget, better track expenses, and strategies for getting out of debt. As an incentive to take the class, all graduating participants received a Cambridge Trust savings account with an initial \$25 deposit as well as free calculators and tracking books for all expenses. *Making Your Money Work*, offered by the City of Cambridge Community Development Department, was delivered by the Center for Women & Enterprise, a SBA-funded organization. Community Development Block Grant funds also supported the program.

(continued on page 5)



It's Your Business Volume VI Number 1

A monthly publication by the
U.S. Small Business
Administration
Massachusetts District Office
10 Causeway Street
Suite 265
Boston, MA 02222
617-565-5590
www.sba.gov/ma
MassachusettsDO@sba.gov

District Director:
Mark S. Hayward
Editor:
Joan M. Trudell

To subscribe:
Register online at
<http://web.sba.gov/list>

Mother Daughter Pair

(cont'd from page 4)

"We designed the course to enable participants, at any age, to get back to financial basics and regain control of their personal finances," says Elaine Madden, economic development planner for the City of Cambridge. "As a former bank lender, too often I turned away applicants with poor credit and poor budgeting habits; this course was a means of giving Cambridge residents a second chance."

With her second chance, Charlene now works towards her goals of starting a personal organizing service and will be taking advantage of the *Starting Your Own Business* workshop, yet another City of Cambridge workshop to be held this February. "The class helped me make some really difficult decisions in terms of bankruptcy," says Charlene, "and it turned out to be a great activity for both my mother and me."

Thanks to the assistance offered in *Making Your Money Work*, Joan has finally paid off overdue bills, curbed her impulse spending and now plans to start a home-based sewing business, an idea she will further develop in the upcoming *Starting Your Own Business* workshop. "I took away a great feeling from the class that I could really do something about my situation," says Joan. "There is a light at the end of the tunnel now and my finances are no longer so fuzzy."

Top Twenty SBA 7(a) Loan Guaranty Lenders 10/1/04 – 12/31/04

	LENDER NAME	GROSS AMOUNT	LOANS
1	CITIZENS BANK	\$11,166,800.00	272
2	FLEET NATIONAL BANK/BANK OF AMERICA	\$3,017,000.00	94
3	CAPITAL ONE FEDERAL SAVINGS BANK	\$1,760,000.00	44
4	SOVEREIGN BANK	\$2,779,900.00	43
5	BANKNORTH, NATIONAL ASSOCIATION	\$5,981,300.00	34
6	BANK OF WESTERN MASSACHUSETTS	\$1,502,900.00	16
7	DANVERS SAVINGS BANK	\$1,773,000.00	11
8	EASTERN BANK	\$771,700.00	10
9	FALL RIVER FIVE CENTS SAVINGS BANK	\$1,035,500.00	10
10	SOUTH SHORE SAVINGS BANK	\$892,000.00	10
11	ENTERPRISE BANK AND TRUST COMPANY	\$1,422,920.00	9
12	HERITAGE COOPERATIVE BANK	\$2,210,000.00	9
13	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$405,000.00	9
14	CHARTER ONE BANK, NATIONAL ASSOCIATION	\$540,000.00	7
15	CIT SMALL BUSINESS LENDING CORP	\$4,975,000.00	7
16	FLAGSHIP BANK AND TRUST COMPANY	\$1,036,200.00	7
17	UPS CAPITAL BUSINESS CREDIT	\$5,020,000.00	7
18	CHICOPEE SAVINGS BANK	\$327,800.00	6
19	FLORENCE SAVINGS BANK	\$291,500.00	5
20	GREYLOCK FCU	\$294,500.00	5